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# **Moldova, Republic of**

## **Grain and Feed**

### **Grain and Oilseeds Market Update**

### **2003**

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#### **Report Highlights:**

**MY2002/2003 grain and oilseeds exports hit record high at about 300,000 MT for the period August 1 - December 31, 2002. The most significant portion of it was wheat exports, 170,000 MT. Along with Ukraine, Moldova will likely play a more significant role in the Black Sea region as an exporter of about 300,000 MT to 500,000 MT annually of grains and oilseeds.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Sofia [BU1], MD

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## **Supply**

In MY2002, Moldova enjoyed a very good production of grains and oilseeds.

### **Wheat**

Wheat production has stabilized in the recent years due to completed land reform and improved export potential. There are currently a good number of commercially oriented grain farms, mainly small and medium sized, which are the main grain supplier for the market. In addition, there are many smaller farms who produce mainly for on-farm use. In general current structure of farm holdings is as follows: 41 percent are farms with land over 500 HA - these are mainly grain farms as some of them have dairy cattle or swine; 27 percent are farms with land between 100 HA and 500 HA - these are typical grain/livestock farms of medium size; about 6 percent of farms have land up to 100 HA; and 25 percent are small family type farms with average land size of 2-5 HA.

Despite the relative improvement in input supply in the recent years, and some new investment in farm machinery, yields remain low, below 3.0 MT/HA. Quality of local wheat is in general feed quality and this is the bulk of exports. Production of good milling quality is limited and it is rarely exported. This is related both with the natural climate conditions and available wheat varieties, as well as with still out-of-dated production practices. According to the MinAg data (Bulletin #59, January 2003), MY2002 wheat tests made in grain silos in the country (total tested volume 35,000 MT) showed a better gluten content than in MY2001, from 12 percent to 25 percent with an average about 18-20 percent. According to the MinAg, out of total MY2002 wheat crop, 340,000 MT or 34 percent was milling quality wheat (local standard calls for 25-27 percent gluten) and 780,000 MT or 66 percent was feed quality wheat (local standard calls for 16-17 percent).

Official wheat production estimates in MY2002/03 are at about 1.2 MMT. According to some trade sources, wheat production was higher, up to 1.3 MMT. It is important to note that official figures do not usually take into consideration small holdings below 5 HA. These farms produce wheat which remains at farms for on-farm use for both feed purposes and for custom type milling at small wheat flour mills in villages.

### **Corn**

Corn production over the last 3 years has stabilized at 800,000 MT to 900,000 MT. Similar to wheat, yields are low and quality is not very high. There are no other known use of corn except for feed (the bulk of local production); and for milling into corn flour for human consumption. Corn flour is used locally for some traditional foods and is a staple product for Moldovans. Unlike wheat, corn is produced mainly in smaller holdings and a larger portion of it is used for on-farm purposes. Over the last 3 years, this type of use increased due to larger number of poultry and cattle in private hands.

### **Barley**

Barley production in MY2002/03 was 256,000 MT which comes mainly from fall barley and smaller portion is spring barley. Similar to corn, it is mainly used for feed and a small portion is used for beer manufacturing.

<b>Wheat production in 2000-2002 in Moldova</b>			
Year	Harvested Area, HA	Yields, MT/HA	Production, MT
2000	358,700	2.52	735,200
2001	432,800	2.85	1,170,000
2002	440,463	2.68	1,180,000
Source: CAMIB (marketing information agency) data.			

<b>Corn production in 2000-2002 in Moldova</b>			
Year	Harvested Area, HA	Yields, MT/HA	Production, MT
2000	227,000	4.28	971,700
2001	236,000	3.49	825,300
2002	256,400	3.20	832,400
Source: CAMIB (marketing information agency) data.			

### **MY03/04 production forecast**

With the increase in exports in MY2002/03, traders expect higher interest in farmers for better and more production in MY2003/04. Early planted areas figures show an increase of 10 percent for wheat and 5-10 percent for barley. Over the last three years, wheat planted area has increased and stabilized at about 440,000 HA. Expectations are that this size will increase slightly to not more than 500,000 HA in the near future if the export opportunities remain as good as they were in MY2002/03.

The climate conditions so far have been very favorable for the fall crops development in Moldova. According to the latest satellite imageries, the north part of the country has 50-75 percent of normal precipitation; central/middle part - 75-100 percent of normal precipitation and in the south - 100-125 percent. Surface soil moisture is in the range of 20-25 mm and subsurface soil moisture is in the range of 175-200 mm. All the above indicators are very good and much better than in MY2002/03 and will likely result in higher yields and quality of wheat and barley in MY2003/2004. In addition, according to trade sources, input utilization has slightly improved this growing season.

## Prices

Prices for wheat and corn in MY2002/03 were higher than in MY2001/02 due to higher demand for exports. Wheat is generally traded at higher than corn prices due to export demand. Due to sometime complicated relations between producers and traders (cash and in-kind, inputs delivery, etc.) it is difficult to estimate the exact price/value producers get for their product. Reportedly, farm gate prices are often much below registered wholesale prices. According to trade, in MY2002/03, average commercial farm-gate prices were about \$45-54/MT for feed wheat to \$71-78/MT for milling quality wheat; smaller grain farmers were getting about \$40-\$50/MT given an average production cost of \$30-\$40/MT. The officially registered wholesale prices (it is believed these are actually export prices) for the last three years were as follows:

<b>Wheat and Corn Prices in 2000-2002 in Moldova in U.S. dollars/MT</b>		
	Wheat	Corn
2000	\$83	\$68
2001	\$82	\$63
2002	\$88	\$66
Source: CAMIB (marketing information agency) data		

## Local market, S&D tables

Moldova MinAg is making some efforts to prepare Supply and Demand Balance for grains in the country. Such an attempt was made in October 2002 (Bulletin #56). Based on MinAg data and trade information, FAS office estimates for the local market are given in the table below. Exports figures in the table are based on export data for the period August 1- December 31 plus additional estimated exports for the rest of MY2002.

<b>MY2002 Wheat Supply and Demand in Moldova in MT</b>		<b>MY2002 Barley Supply and Demand in Moldova in MT</b>	
Beg Stocks	20,000	Beg Stocks	10,000
Production	1,179,000	Production	256,000
Supply	1,199,000	Supply	266,000
Exports	200,000	Exports	80,000
Planting Seeds	100,000	Planting Seeds	35,000
Human Consumption	480,000	Human Consumption	11,000
State Stocks	20,000	State Stocks	10,000
Feed Use	360,000	Feed Use	120,000
End. Stocks	39,000	End. Stocks	10,000

Wheat: According to the MinAg, the amount needed for human consumption will not likely consist of milling quality wheat only. A significant portion of it will be a mixture of feed and milling quality wheat which will be yet suitable for bread manufacturing. Out of total 480,000 MT for human consumption, about 280,000 MT is the commercial segment, the rest of 200,000 MT is usually hold by farmers and is used for baking on-farms or in small flour mills in villages. The MinAg estimates that small farm holdings have 480,000 MT of wheat which they get as a in-kind land rent. Most of it is usually for feed purposes - estimated by FAS office at 280,000 MT (and 200,000 MT for bread). In addition, about 60,000 MT- 80,000 MT will also be used for feed by other farms. The MinAg also estimates that the amount of wheat provided by farmers as a payment for inputs is 220,000 MT. It is assumed that much of this volume, 200,000 MT, will be designated for exports.

Barley: Out of total production, the usual seed use of about 35,000 MT; about 120,000 MT are hold by small farm holdings as in-kind land rent and is likely to be used as feed. The MinAg estimate for the amount of barley provided by farmers for inputs is 100,000 MT, most of it will be exported.

Corn: The MY2002 production was 832,000 MT, according to MinAg estimates. The usual use for planting seeds is 20,000 MT. Exports over the last 3 years averaged 100,000 MT, so MY2002 exports are likely to reach the same amount. Some traders estimated that if the export price will be more attractive - for example, more than \$70/MT, exports might be higher. The remaining, about 700,000 MT are used for feed.

Moldova domestic market is very limited. The population is officially 4.2 million, has declined in recent years to 3.5 million due to emigration. Thus, human consumption of grains has declined. Livestock numbers also declined drastically over the last 10 years due to restructuring of the agricultural sector.

Currently, commercial livestock farms are limited in number, specialized mainly for swine and poultry, and are not efficient. A significant number of livestock, 50 percent of poultry, 45 percent of cattle, and 60 percent of swine are at non-commercial farms where the livestock is raised for on-farm consumption and there are no quality requirements to feed. Therefore, development of the grain sector in the country is highly dependant on the export potential. Export opportunities are also the major source of cash income for grain farmers.

## Trade

Moldova is a land-locked country and its export potential is related to the Ukrainian export port facilities (Reni, Odessa) at the Black Sea. Similar to Ukraine, a limiting factor is local road and warehouse infrastructure. Often, Moldova origin grain is consolidated with Ukrainian or Russian export shipments. Sometimes, according to trade, imported higher quality (origin Russia, Kazakhstan, etc.) milling wheat is mixed with local feed quality wheat, and afterwards exported as a medium quality to the usual export destinations: North Africa countries; and Near and Middle East. In MY2002, grain/oilseeds exports were record high. According to trade, it reached 340,000 MT-350,000 MT. According to the MinAg data, monthly grain and oilseeds exports were between 33,000 MT (December 02) and 76,000 MT (September 02). Although, there are no official data, it is estimated that the country monthly export capacity is about 80,000 MT.

Exports by destinations are provided in the table below. This data (source Moldova Customs) is different than the MinAg and trade sources data in terms of export destinations. For example, grain which is exported to Ukraine and Romania, is usually supplemented with other grain shipments at ports and re-exported to the traditional export markets mentioned above. According to trade, at least one shipment of Russian grain has been re-exported via Moldova to the United States and appeared in Customs data as Moldova exports. According to U.S. Customs, Moldova has not exported any grains to the United States in the last 5 years. Details on the trade flows are available at Ag Sofia by request.

Official MinAg data is as follows:

<b>MY2002 Moldova Grain Exports in MT for the period August 1 - December 31, 2002</b>							
Period	Wheat			Barley	Corn	Sunflower	Total
	Total	Milling	Feed				
1-31 Aug	32,673	4,286	28,386	24,028	0	0	56,701
1-10 Sep	22,148	2,171	19,978	11,341	0	0	33,489
10-20 Sep	6,741	1,041	5,699	16,402	0	2,502	25,644
20-30 Sep	13,752	1,603	12,149	1,254	387	2,956	18,350
1-10 Oct	17,641	739	16,903	357	126	739	18,864
10-20 Oct	11,590	890	10,700	1,661	63	1160	14,474
20-31 Oct	20,653	3,369	17,284	1,654	979	3,569	26,457
1-10 Nov	7,871	2,163	5,707	0	0	3,387	11,259
10-20 Nov	5,435	1120	4,315	125	7,174	3,025	15,761
20-30 Nov	11,472	2,104	9,368	1,470	7,638	6,460	27,042
1-10 Dec	4,945	1,750	3,194	0	3,752	1950	10,648
10-20 Dec	8,148	2,585	5,562	640	1879	2000	12,670
20-31 Dec	7,688	2,396	5,291	611	1,621	1,548	11,470
<b>Total</b>	<b>170,763</b>	<b>26,222</b>	<b>144,541</b>	<b>59,547</b>	<b>23,621</b>	<b>29,301</b>	<b>282,733</b>
Source: Moldova Ministry of Agriculture, Bulletin #59, January 2003							



<b>Moldova Exports of Grains in CY2001 and CY2002 in MT by destinations</b>		
<b>Product and HS#</b>	<b>2001</b>	<b>2002</b>
<b>HS#10... Cereals, total</b>	181,710	565,742
Germany	918	13,152
Virginia Islands	0	19,937
UK	8,615	27,683
Romania	19,294	72,282
USA	45,443	147,941
Hungary	20,680	111,251
Ukraine	57,758	99,351
Belarus	9,949	19,748
France	1,043	22,561
<b>HS#1001 Wheat, total</b>	62,766	376,772
France	0	22,214
UK	0	25,071
Romania	53	61,962
USA	24,922	92,807
Hungary	2,960	81,136
Ukraine	32,213	67,720
<b>HS#1003 Barley, total</b>	90,702	99,836
Switzerland	1,778	5,987
Germany	918	6,097
Gibraltar	54	3,258
UK	8,615	2,164
Romania	6,412	3,044
USA	20,521	32,443
Hungary	17,593	24,460

Ukraine	25,276	17,951
<b>HS#1005 Corn, total</b>	28,022	89,033
Virginia Islands	0	10,823
Romania	12,628	7,244
USA	0	22,690
Hungary	126	5,654
Belarus	8,646	18,656
Russia	2,193	2,240
Ukraine	269	13,679